GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4913
ANSWERED ON:25.08.2000
TAX EVASION BY ITC
CHANDRA NATH SINGH

Will the Minister of FINANCE be pleased to state:

(a) whether the ITC Ltd. owe crores of rupees to the Government on account of payment/evasion of taxes, i.e. central excise, customs, income-tax etc;

(b) if so, the details of taxes owed by ITC/evaded payment of ITC so far, department-wise;

(c) since when the company has been evading the payment of taxes; and

(d) the details of measures taken by Government in this regard including attachment of properties, bank accounts owned by ITC Ltd.?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR)

(a): Yes, Sir.

(b)&(c) : In 28 cases, registered during the period 1973 to 1991, M/s. ITC Ltd. owes an amount of Rs. 153.5 crore (approx.) on account of central excise duty evasion. Another case was registered against 5 units of M/s. ITC and their job-workers in 1987, for alleged evasion of central excise duty to the tune of Rs. 803.76 crore. Out of this, in adjudication, Rs. 799.34 crore was confirmed (Rs. 681.54 crore against M/s ITC and Rs. 117.80 crore against job-workers) and a penalty of Rs.66.50 crore was imposed on M/s ITC, Rs. 7 crore on job-workers and Rs. 3.15 crore against Directors of the Company.On a pre-deposit of Rs. 350 crore, CEGAT heard their appeal and dropped the case against the job workers, quashed all the penalties, and ordered for re-determination of duty relating to remaining amount against M/s. ITC Ltd. confirmed in adjudication. But this case is also a subject matter of appeal in the Supreme Court, preferred both by the Department and M/s ITC Ltd.. With respect to income tax, a penalty amounting to Rs. 1 crore and interest amount of Rs. 10,79,562 was levied/charged during the year 1998-99, to M/s. ITC Ltd, for late deposit of TDS.The Company has filed an appeal against these orders. As regards customs duty, an amount of Rs. 0.70 crore (approx.) is outstanding in two cases relating to the years 1992 & 1997-98.

(d): The above cases are at different stages of appeals, and measures to effect recoveries will depend upon the decisions of the appellate authorities.